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| 09/698,586 | 10/27/2000 | Jacob Wohlstadter | W0538/7003 TJO | 3464 |

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| EXAMINER | |
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| ART UNIT | PAPER NUMBER |
|---|---|
| 3693 | |

DATE MAILED: 07/13/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

| Office Action Summary | Application No. | Applicant(s) | |
|---|---|---|---|
| | 09/698,586 | WOHLSTADTER, JACOB | |
| | Examiner | Art Unit | |
| | Harish T. Dass | 3628 | |

*-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --*

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

1)☒ Responsive to communication(s) filed on *24 April 2006*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

4)☒ Claim(s) *1-112* is/are pending in the application.

4a) Of the above claim(s) *3-7 and 9-92* is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,2, 8 and 93-112* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

**Application Papers**

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

## DETAILED ACTION

### *Claim Rejections - 35 USC § 103*

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-2 and 8, 93-108, are rejected under 35 U.S.C. 103(a) as being unpatentable over Buist (US 6,408,282) in view of Fenster "Community By Covenant, Process, And Design: Cohousing And The Contemporary Common Interest Community", 1999 {sited in www.law.fsu.edu/journals/landuse/vol151/fenster1.htm.} (hereinafter Fenster).

Re. Claims 1-2, 8, 93-94, 106-107 Buist discloses a system and method of the preferred embodiment supports trading of securities over the Internet both on national exchanges and outside the national exchanges [see entire document particularly],

consummating by a first party and a second party a transaction in the security, the first party and the second party being distinct from the entity [Abstract; Figures 1-10; Col. 1 line 5 to Col. 4 line 12], and

selling the security by a first party to a second party, the first and second parties being distinct entities from the issuing entity [Abstract; Figures 1-10; Col. 1 line 5 to Col. 4 line 12] and computer system [Figure 1-2].

Buist does not explicitly disclose paying a royalty on the transaction to the entity,

wherein the step of paying a royalty on the transaction is performed by at least one of the first party and the second party and

paying a royalty on the sale of the security to the entity that issued the security.

However, FENSTER, discloses these steps (see entire document of 45 pages, particularly page 2 "Community By Design"; page 5 4th paragraph, and page 14 4th paragraph "Alienability of Shares" ... where EVCC was incorporated in May 1995 ... setting a "present" rate at 20% of net gain, reduced by expenses of sale ... – royalty or fees, see fees and charges) to recaptured some of the increasing value in security (share of Co-Op) that the entity was helping to create. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosures of Buist and FENSTER to make the seller to pay some percent of the earning as a royalty (or pay a transfer fee or "flip tax") that the entity helping to creating.

Re. Claim 95, Fenster further wherein said royalty is at least a portion of a difference between a first price at which said first party sells said security (shares of Co-Op) and a second price at which said second party buys said security.

Re. Claim 96 and 97, neither Buist or Fenster explicitly discloses wherein the entity does not participate in the step of operating a computer system to consummate the transaction and wherein the first party and the second party interact directly to consummate said transaction. However these are business choices. for example, buyer and sell directly deal with each other of go through a third party such as real estate broker or co-op management who is responsible for managing the co-op for investors. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Buist and Fenster and include the above steps to provide more choices to make a deal and bring profit to co-op investors.

Re. Claim 98, Buist discloses wherein said transaction is a sale by the first entity to the second entity of said security and operating a computer system to consummate said sale transaction includes operating said computer system. neither Buist nor Fenster discloses collect a purchase price payment from the second entity and deliver a selling price payment to the first entity However, these steps are well known in real estate (selling/buying co-op) where the attorney or closing agent collect the payment from buyer and delivers it to seller. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Buist and Fenster and include the above steps to make assure the deal is proper and no fraud or legal problem exists.

Re. Claim 99-100 and 108, Buist discloses wherein operating a computer system to consummate a transaction includes the first party having a first client and the computer system obtaining from the first client an instruction requesting the first party to purchase the security or sell the security, and the first party is not said entity and wherein operating a computer system to consummate a transaction includes operating said computer system to: receive a first instruction from the first party to purchase at least one said security; receive a second instruction from the second party to sell said at least one said security; receive other instructions from those or other parties to purchase or sell other securities; match the first instruction with the second instruction to execute a transaction in said at least one said security, wherein the first party and second party are distinct from the entity [see Figure 3 flow chart; C4 L43-55; C6 L62 to C7 L55; C8 L63 to C9 L9; C9 42-L61 – where ticket is instruction].

Re. Claims 101-103, Fenster father discloses pay a royalty on the transaction to the entity includes determining if the transaction is a royalty generating transaction, wherein the royalty is at least one of a percentage of a fee received by an exchange [page 5 4th paragraph, and page 14 4$^{th}$ paragraph]. Neither Buist nor Fenster discloses a portion of a fee charged by an intermediary, and a portion of an increase in value of the security since it last was purchased or sold and wherein the intermediary is at least one of a market maker and a broker. However, determining the fee to broker/agents as a percentage of sale and the calculating the increase value and market makers are well known. For example, real estate broker company or broker firm get its commission, the

agent of the broker company gets his portion and increase value is calculated for tax purpose and for co-op charges. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosures of Buist and Fenster and add the calculation of the fees and charge to be done by computer automatically.

Re. Claims 104-105, neither Buist nor Fenster does not explicitly disclose wherein operating a computer system to determine and pay a royalty on the transaction to the entity includes debiting an account on behalf of the entity to collect the royalty, and transferring the royalty to an account maintained on behalf of the entity. However these are design choices that how to pay or whom to pay. For example, a individual (buyer/seller) who has an account with a brokerage firm will do business using the account for debiting and crediting the amount of trade where the account is managed by broker or a third party (bank).

Claims 109-112 are rejected under 35 U.S.C. 103(a) as being unpatentable over Buist and Fenster, as applied to claim 106 above, further in view of Bowman-Amual (US 6,697,824).

Re. Claims 109-112, Buist discloses wherein the set of exchange instructions is configured to match buy and sell orders [see Figure 3 flow chart; C4 L43-55; C6 L62 to

C7 L55; C8 L63 to C9 L9; C9 42-L61]. Fenster further discloses paying fees (royalty), and wherein the transaction involves a transfer of rights other than title in the security. Neither Buist nor Fenster explicitly discloses calculation instructions constructed and arranged, when so executed, to calculate royalties owed to issuing entities of the securities involved in the transactions and wherein the set of exchange instructions is configured to run autonomously on the computer to enable transactions to occur without the intervention of a human operator. However, wherein the transaction involves a transfer of rights other than title in the security is well known. For example, the property title is transferred in real estate transaction and similarly the security certificate is transferred to new owner to entitle the new owner the ownership of the real estate or security. Bowman-Amual discloses these features [C1 L20-L28; C4 L45 to C5 L53; C61 L48 to C62 L12; C62 L52 to C64 L43] to allow the computer software do verity of business calculations with out interference of user to automate the process. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify disclosure of Buist and Fenster and include computer instruction to automatically make business calculations to save cost and enhance the accuracy of calculation.

***Response to Arguments***

2. Applicant's arguments filed 4/24/06 have been fully considered but they are not persuasive.

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies

(i.e., (Page 22 of remarks) recites "Fenster shares are linked to a specific asset; they ...a share of the total profit of the issuer.") are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, FENSTER, see page 2 "Community By Design"; page 5 4th paragraph, and page 14 4th paragraph "Alienability of Shares" ... where EVCC was incorporated in May 1995 ... setting a

"present" rate at 20% of net gain, reduced by expenses of sale ... – royalty or fees, see fees and charges) to recaptured some of the increasing value in security (share of Co-Op) that the entity was helping to create.

In response to applicant's argument that FENSTER is nonanalogous art, it has been held that a prior art reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the applicant was concerned, in order to be relied upon as a basis for rejection of the claimed invention. See *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992). In this case, shares of co-op are similar to shares of stocks and the owner sells it shares to another buyer and pays the commission to the co-op organization. FENSTER is secondary reference, the primary reference uses electronic system for providing securities trading service offered over the Internet

***Conclusion***

1. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T. Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

JAGDISH N. PATEL
PRIMARY EXAMINER

Harish T Dass
Examiner
Art Unit 3628

7/5/06